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FM AMCONSUL SAO PAULO
TO RUEHC/SECSTATE WASHDC IMMEDIATE 7496
INFO RHEHNSC/NATIONAL SECURITY COUNCIL WASHDC IMMEDIATE
RUEHBR/AMEMBASSY BRASILIA PRIORITY 8610
RUEHRI/AMCONSUL RIO DE JANEIRO PRIORITY 8341
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UNCLAS SAO PAULO 000785

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SUBJECT: Media Reaction: Western Hemisphere: Venezuela, Chavez's regional influence; Sao Paulo

11. "Difficult Dialogue With Chavez's Venezuela"

Business-oriented Valor Econtmico (9/24) editorialized: "Presidents Hugo Chavez and Lula da Silva resumed in Manaus embraces and friendly public declarations following a tense separation period that began in May when the Venezuelan accused the Brazilian Senate of parroting the U.S. Congress. They spoke about integration and joint projects, but the lack of smiles between them was not the only indication that Chavez's tone is still above of what it is expected from a strategic South American partner. There is today a clear climate of mistrust between the two governments. It becomes evident when Chavez says that he will create a Bank of the South in Caracas without discussing the issue with the GOB; or when he declares that the delay in joint project negotiations between state-owned oil companies Petrobras and PDVSA is 'shameful'.... Chavez is not happy with the Lula administration's moderate behavior and market-oriented inclination, and this is one of the reasons for the Venezuelan to accuse once again Mercosul of being an 'old commercial mechanism' that does not serve South American integration. While Chavez may have a relevant role in Argentina, Ecuador and Uruguay as a petrodollars provider, his influence in Brazil does not go beyond the enchantment he causes among certain leftist circles and the major interest of the business sector looking for good profit opportunities in Venezuela.... The problem for Lula is how to deal with a neighbor whose Bolivarian socialist project may seriously conflict with the South American model of integration dreamed of in Brasilia.... The same way that it would not be right to permit that Chavez's Bolivarian project dictate the course of bilateral relations, it is not wise to ignore Venezuela as a response to its president's inflammable rhetoric."

12. "Losing Patience With Chavez"

Center-right national circulation daily O Estado de S. Paulo remarked (9/22): "Why is it that in all the pictures in the Brazilian media showing the Lula-Chavez meeting in Manaus the Brazilian president looks like he is experiencing a bad moment beside his almost always inconvenient interlocutor?.... According to rumors in Brasilia, Lula is losing his patience with the Venezuelan autocrat, who, incidentally, is a boring person.... The energy cooperation between Brazil and Venezuela has been so full of misunderstandings that the Manaus meeting was called exactly to discuss the current relationship between the two nations.... The Colombian question is another issue that may create further friction with Chavez - if Lula does the right thing. Brazil should not have accepted to host negotiations between Chavez, the Colombian government and the FARC narco-guerrilla.... The announced Brazilian initiative is a dangerous imprudence because it has the potential of

creating unexpected and unnecessary problems."

White